# Should Dividend Investors Buy Crescent Point Energy Corp. or BCE Inc.?

## Description

Even after slashing its dividend by 57% in August, **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) remains one of the highest-yielding stocks on the **S&P/TSX 60**. So, it's easy to see why so many income-oriented investors love the name.

But if you're looking for steady income, there's a much better company to opt for: **BCE Inc.** (TSX:BCE)( NYSE:BCE). We take a look at why below.

**Why dividend investors should avoid Crescent Point**

Even after slashing its dividend, Crescent Point needs oil prices of roughly US$55 per barrel to maintain its payout over the long term. And that kind of price is starting to look very optimistic.

According to the latest forecast from the International Energy Agency, world oil demand is expected to grow by only 1.2 million barrels per day (mbpd) in 2016 compared to 1.8 mbpd this year. Meanwhile, OPEC supply has continued to grow.



The news could get worse. Iran is set to ramp up exports, perhaps by 0.5 mbpd in just a few months, as international sanctions are lifted. And American shale oil drillers may be cutting back, but they have also been very adept at cutting costs.

Crescent Point's dividend can survive for at least a couple of years, even if oil prices fall well below US$50. Yet over the long term, the company's payout could come under significant pressure. And there's practically no chance the dividend will be raised any time soon. Even with a 6.1% yield, this is not what investors should be looking for.

**Why BCE is the better option**

As of this writing, BCE's dividend yields 4.7%, which is certainly less than Crescent Point's. But given how safe this dividend is, the lower yield is certainly worth the trade-off.

Unlike Crescent Point, BCE operates in an industry with limited competition and high barriers to entry. Better yet, the company generates subscription-based revenue, helping to ensure that earnings are very smooth. If that wasn't enough, Canadians are constantly opting for higher-value mobile plans, and this trend should continue.

Best of all, BCE pays a dividend of only $2.60 annually, which is less than the $3 per share it made in 2014. So, the company can actually afford its payout, no matter what happens in the energy market. In fact, you should expect BCE's dividend to keep increasing.

There are some very smart people who claim that Crescent Point is substantially undervalued. But at the end of the day, this stock is really a bet on oil prices and is not suitable for dividend investors. BCE is, without a doubt, the better bet.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:VRN (Veren)
3. TSX:BCE (BCE Inc.)
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